BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEAL OF VALLEY KIMBERLY, LLLP from the decision of the Board of Equalization of Valley County for tax year 2007.	) APPEAL NO. 07-A-2694) FINAL DECISION) AND ORDER

RESIDENTIAL PROPERTY APPEAL

THIS MATTER came on for hearing January 17, 2008, in Cascade, before Hearing Officer Travis Vanlith. Board Members Lyle R. Cobbs, Linda S. Pike, and David E. Kinghorn participated in this decision. Partner Kimberly Zanier appeared for Appellant Valley Kimberly, LLLP. Assessor Karen Campbell, Chief Deputy Assessor Deedee Gossi, and Appraiser Charles Pickens appeared for Respondent Valley County. This appeal is taken from a decision of the Valley County Board of Equalization denying the protest of the valuation for taxing purposes of property described as Parcel No. RP001380000110A.

The issue on appeal is the market value of an improved residential property.

The decision of the Valley County Board of Equalization is reversed.

FINDINGS OF FACT

Subject's land value is $200,050, the improvements' value is $50,770, and the other improvements value is $26,370, totaling $277,190. At hearing, Appellant asked the total valuation be reduced to $245,000.

Subject is a .963 acre parcel located in Donnelly. The improvements include a 1,332 square foot manufactured home and a detached garage. Appellant purchased subject in September 2005 for $214,000.

At hearing, Appellant presented an independent fee appraisal report for subject with an effective date of December 1, 2006. The report included analysis of four improved sales in subject's area that occurred during 2006. Adjustments were made to account for differences between the sale properties and subject. The adjusted sales prices ranged between $235,850 and $269,500. The indicated value of subject was $245,000. Subject was assessed at $277,190.

Appellant also referenced a nearby improved sale from July 2007 for $199,000. The property was argued to be similar to subject in terms of improvement size and overall condition, however, the property included some additional outlying structures and the lot was smaller.

Respondent first contested reference to subject's purchase price because market conditions on January 1, 2007 were different than they were in 2005. Also challenged was Appellant's 2007 sale because it occurred after the statutory lien date.

Respondent then presented three bare land sales that occurred in subject's general area. The sales occurred during 2006 and involved lots between .56 and .72 acres for prices between $176,000 and $190,000. Respondent noted the overall ratio between the sales prices and their respective 2007 assessments was 94%. Respondent argued the ratio indicated subject's land was valued at nearly full market value.

Respondent then referenced the same four (4) improved sales contained in Appellant's fee appraisal. Respondent agreed the sale properties were comparable to subject and advocated their use to value subject.

CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

For the purposes of property taxation, Idaho uses a market value approach as defined in

Idaho Code § 63-201 (10):

> “Market value” means the amount of United States dollars or equivalent for which, in all probability, a property would exchange hands between a willing sell, under no compulsion to sell, and an informed, capable buyer, with a reasonable time allowed to consummate the sale, substantiated by a reasonable down or full cash payment.

Appellant referenced subject’s 2005 purchase price, as well as a sale that occurred in July 2007. As correctly noted by Respondent, neither would be considered good indicators of subject’s value on the statutory lien date of January 1, 2007. In the absence of 2006 sales, subject’s 2005 purchase price could be useful after applying a time adjustment, however, no adjusted sale price was offered in this case. The 2007 sale occurred after the lien date so cannot be considered.

Both parties utilized the market data approach to arrive at their respective value claims, as recognized by the Idaho Supreme Court. See *Merris v. Ada County*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979).

The market data approach uses recent sales of proximate and like property to determine market value. In the present case, both parties relied on the same four (4) improved sales, however, came up with different value conclusions.

Appellant’s fee appraisal report included detailed information concerning the adjustments made to account for differences between subject and the sale properties. After analysis, the appraisal report indicated $245,000 was an appropriate value for subject.

Respondent compared the 2006 sales prices to their respective 2007 assessments in an effort to demonstrate the County had valued the properties at only 84% of market value. This is routinely referred to as a ratio. It should be noted ratios are commonly used in the field of mass appraisal to determine whether properties are assessed at market value, on average.

In discussing the improved sale properties, Respondent claimed adjustments were made to account for differences compared to subject. The problem however, is nothing specific was submitted or discussed to show what, if any, adjustments were actually applied. Respondent simply reported the 2006 sale prices and the 2007 assessments and stated subject's $277,190 assessed value was "pretty close" to the value indicated in the appraisal report. When asked why subject was assessed higher than any of reported sale prices, Respondent speculated there must have been differences between subject and the sale properties, though failed to provide particular differences or the resulting effects on subject's value.

"The value of property for purposes of taxation as determined by the assessor is presumed to be correct; and the burden of proof is upon the taxpayer to show by [a preponderance of the] evidence that he is entitled to the relief claimed." *Board of County Comm'rs of Ada County v. Sears, Roebuck & Co.*, 74 Idaho 39, 46-47, 256 P.2d 526, 530 (1953).

While both parties referenced the same improved residential sales, it appears from the record that Appellant's fee appraisal more thoroughly examined and considered differences in the sale properties to arrive at subject's proposed value. The corresponding adjustments were clearly noted in the appraisal, resulting in an indicated value of $245,000 for subject. Also compelling is the December 1, 2006 effective date of the appraisal report, which is only one month prior to the January 1, 2007 lien date (i.e. it is timely). From the information presented, the Board is satisfied Appellant has met the requisite burden of proof concerning subject's value and will reverse the decision of the Valley County Board of Equalization to reflect a total value of $245,000.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Valley County Board of Equalization concerning the subject parcel be, and the same hereby is, reversed, lowering subject's total value to $245,000.

IT IS FURTHER ORDERED that any taxes which have been paid in excess of those determined to have been due be refunded or applied against other *ad valorem* taxes due from Appellant.

MAILED APRIL 3, 2008